

STATEMENT OF PURPOSE

RS31085 / H0596

Pharmacy Benefit Managers (PBM) are third party administrators under contract by health/prescription plans, employers and government entities to manage prescription drug programs for health plan recipients. PBMs administer the prescription drug benefit for nearly every public and private health plan in the United States. PBMs decide which pharmacies are included in a prescription drug plan's network and how much the pharmacy will be paid for dispensing services.

The purpose of this legislation is to establish parameters and standards for how Pharmacy Benefit Managers operate in Idaho, requiring fairness, transparency and free market operations; things all other businesses in Idaho must operate under, but on which Idaho's law remains silent for PBMs.

This legislation adds new definitions; lays out requirements that make contracts with pharmacies transparent and fair; requires PBMs to provide transparent pricing on drugs; and requires PBMs to report to the Department of Insurance in a transparent way. PBMs already operate under these provisions in other states; these additions will help protect Idahoans' health care dollars as well.

FISCAL NOTE

The legislation has a fiscal impact of \$132,400 for the Department of Insurance to hire one FTP with specialization in this area to have oversight on compliance and investigate complaints.

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DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).